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SENSITIVE
SIPDIS

DEPARTMENT FOR AF/E JAMES LIDDLE
DEPT PASS TO USAID/AFR/EA ASHLEY MARCUS

DOC FOR RTELCHIN
TREASURY FOR FRANCOIS BOYE
PARIS FOR WALLACE BAIN
LONDON FOR PETER LORD

E.O. 12958: N/A
TAGS: [PGOV](#) [PREL](#) [ECON](#) [EINV](#) [ECPS](#) [MA](#)
SUBJECT: ANTANANARIVO POL/ECON UPDATE

REF: A) ANTANANARIVO 114 (AU sanctions)
B) ANTANANARIVO 97 (Reactions to ICG)
C) ANTANANARIVO 111 (Local French views)
D) ANTANANARIVO 112 (New minister)

¶1. (U) SUMMARY: This is U.S. Embassy Antananarivo's update for February 8-26, a periodic unclassified review of political, economic, and commercial events and information from the U.S. Mission to Madagascar and Comoros.

POLITICS (Paragraphs 2-6)

- ICG-M MEETS, AU MOVES TO SANCTION
- RAJOELINA REMAINS DEFIANT, APPOINTS NEW FM
- MADAGASCAR UNDER THE OHCHR MICROSCOPE
- HRWG ON CIVIL RIGHTS IN AMERICA
- NURSES ON STRIKE

ECONOMIC AND COMMERCIAL (Paragraphs 7-10)

- HIGHER FEES IN THE MINING SECTOR, NEW OIL BLOCKS TO BE GRANTED
- MINIMUM WAGE INCREASE
- DEPRECIATION LEADS TO PRICE INFLATION
- TEXTILE SECTOR HARASSED BY HAT

COMOROS (Paragraphs 11-12)

- TEACHER STRIKE ENDED
- CONVOCATION OF CONGRESS

END SUMMARY

POLITICS

¶2. (SBU) ICG-M MEETS, AU MOVES TO SANCTION: The International Contact Group on Madagascar (ICG-M) met on February 18 in Addis Ababa, and generally agreed that the 2009 Maputo/Addis accords represented the only path forward. Since de facto President Andry "TGV" Rajoelina remains the primary obstruction to their implementation, the ICG-M empowered Senior Mediator Joaquim Chissano to engage in one final round of negotiations, and threatened further measures (including sanctions) if the Malagasy parties don't comply (ref A). On February 19, the AU Peace and Security Council (PSC) further strengthened this message, stating its intention to impose targeted travel and financial sanctions if the de facto GOM failed to implement the accords by March 16. Most observers in country support targeted sanctions to bring Rajoelina back into the process (ref C), as the country prepares to mark the one-year anniversary of the military-backed coup.

¶3. (SBU) RAJOELINA REMAINS DEFIANT, APPOINTS NEW FM: On February 25, Rajoelina appointed Vice Admiral Hypolite Ramaroson as the new Vice Prime Minister for Foreign Affairs (ref D), quashing any hopes that he might form a true unity government before the AU deadline.

Ramaroson is a controversial choice: he is not well-liked within the current military leadership, he has little experience in the practice of foreign affairs, and his appointment is unlikely to please the opposition or the international community. On the evening of the 25th, Rajoelina gave a speech in which he blamed the opposition for the current impasse, called for elections as soon as possible, and announced plans for another "all-inclusive" national meeting on March 4-5 to discuss election planning with opposition parties and civil society. It is unlikely they will participate.

¶4. (U) MADAGASCAR UNDER THE OHCHR MICROSCOPE: Madagascar was up for its quadrennial Universal Periodic Review, under the UN Office of the High Commissioner for Human Rights in Geneva. Rajoelina's de facto Minister of Justice, Christine Razanamahasoa, led the Malagasy delegation, which resulted in a boycott by some African countries, but 24 countries did participate. Razanamahasoa focused on social and economic rights, but avoided discussion on political and civil rights. She mentioned the arrests of several journalists and political figures in recent months, but opined that these are criminal rather than political issues. The de facto GOM accepted 65 recommendations (mainly concerning the pending ratification of several conventions and optional protocols on human rights), postponed 17, and rejected two, which called for an independent investigation into the events surrounding the coup, and the appointment of an independent ombudsman. The draft report will be published by the OHCHR in mid March.

¶5. (U) HRWG ON CIVIL RIGHTS IN AMERICA: The Human Rights Working Group meeting on February 24 featured an ARS speaker from Paris,

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Sheldon Austin, who discussed the Civil Rights Movement in the U.S. The event was attended by over 70 members of civil society, and Austin fielded a wide variety of questions concerning both U.S. history and the extent to which the American experience related to Madagascar.

¶6. (SBU) NURSES ON STRIKE: Nurses and midwives across Madagascar have been on strike since February 22, and have stopped reporting to their posts. They are reportedly disappointed with the current regime's response to their request for a pay increase, as they have been told they must wait until the new government is in place before changes to their salary scale will be considered. They are currently awaiting an appointment with de facto President Rajoelina to discuss the matter. This is only the latest in a series of salary disputes involving medical professionals, as well as civil servants in other sectors. The de facto GOM has had difficulty balancing its populist urges with an increasingly difficult fiscal situation, having already caved to a number of such demands in ¶2009.

ECONOMIC AND COMMERCIAL

¶7. (SBU) HIGHER FEES IN THE MINING SECTOR, NEW OIL BLOCKS TO BE GRANTED: On January 25, the Ministry of Mining adopted a decree that doubles the administrative fees for mining prospection. According to mining operators, this new decree does not comply with the current mining law, because the National Mining Committee should be consulted on any such increase. In the oil sector, the Office of Mining and Strategic Industries (OMNIS) announced that around 200 new blocks would be granted in 2010.

¶8. (SBU) MINIMUM WAGE INCREASE: On February 8 business associations and unions agreed to increase the private sector minimum wage by 10 percent, to 70,000 Ariary per month (approximately USD 35.00). This increase will take effect following the adoption of a decree by the Ministry of Labor. Enforcing compliance may be difficult, given the current political and economic crisis, and many of the largest formal-sector employers in the EPZ are already facing cutbacks due to the cancellation of AGOA benefits and the general economic malaise.

19. (SBU) DEPRECIATION LEADS TO PRICE INFLATION: Since the beginning of the year, the Ariary has depreciated by 10.8 percent against the US dollar, and by 5.9 percent against the Euro. As a result, pump prices of gasoline have increased by 7.3 percent in January, and 4.1 percent by mid-February. The prices of basic commodities have soared as well during recent weeks; monthly inflation in January 2010 was estimated at 1.4 percent, compared to 1 percent over the same period last year.

110. (SBU) TEXTILE SECTOR HARASSED BY HAT: The Ambassador hosted an unofficial meeting of five textile sector representatives, the VP of AmCham, and Rajoelina's chief of staff at the CMR Feb 23 to give the business owners, including two American investors, the opportunity to raise their concerns about harassment by the HAT. The companies, who are reducing their workforces following the suspension of AGOA, explained that they fear for their personal safety and the security of their investments because of the actions of the Ministry of Population and the Commission for the Defense of the HAT, including threatening managers with arrest, searching their premises, blocking them from leaving the country, threatening that factories will be declared "red zones" and sealed, hinting that if their demands are not met the workers may "burn down your factories", and instructing the workers to go on strike. These government agents are employing strong arm "negotiation" tactics to try to force the companies to give the workers more than legally required upon lay-off and then publicizing their interventions as having been helpful to both the workers and the factories. The chief of staff promised to intervene, and called the Ambassador back to report that the Prime Minister had taken measures to restore order. The businesses were highly appreciative of the intervention and have since reported no untoward activities at their sites.

COMOROS

111. (U) TEACHER STRIKE ENDED: After a six-week long general teachers' strike which had paralyzed the country's educational system at all levels, President Sambi has signed a decree regularizing the status of temporary Comoran teachers and agreeing to pay part of their salary arrears (currently about eight months

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pay). In response, the teachers have agreed to return to work. Classes resumed on Monday, February 22 -- timidly at first, but with greater regularity as the week progressed. The budgetary impact of this presidential action is expected to be about 120 million KMF (USD 400,000). It is not clear where this money will come from, nor is it clear how the IMF will react to this unanticipated fiscal shock. The Ministry of Education has indicated that the school year will still end on June 23 as planned. This will be achieved by the cancellation of normal vacation periods and a slight intensification of classes.

112. (SBU) CONVOCATION OF CONGRESS: President Sambi has yet to issue his highly anticipated decree convoking the Comoran Congress (the combined meeting of the Union National Assembly and the three island assemblies) to consider the question of "harmonization" of mandates of the Union President and the island chief executives. It is believed that the President's hesitation is due to the greater than expected public discontent over what is widely believed to be a rather transparent attempt to extend his term of office. While the President enjoys the necessary majorities to push any "harmonization" through the Congress, he is clearly hearing the grumbling -- even from some he counts as supporters. If Sambi does not issue the decree this week, there is a good possibility that the Congress will be significantly delayed, as the EASBRIG chief of state meetings (scheduled for two weeks in Moroni during the first half of March) and the Doha investors conference in Qatar (also in early March) loom on the horizon, and are certain to occupy the President's time and attention.

MARQUARDT